

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF VIRGINIA
ABINGDON DIVISION**

UNITED STATES OF AMERICA

Plaintiff,

v.

THE PURDUE FREDERICK COMPANY, INC.)

Defendant.

)
)
)
)
)
)
)
)
)
)

Case No. _____

VERIFIED COMPLAINT FOR FORFEITURE *IN REM*

Now comes the plaintiff, United States of America, by and through its attorney, Sharon Burnham, Assistant United States Attorney, and brings this complaint and alleges as follows in accordance with Supplemental Rule G(2) of the Federal Rules of Civil Procedure:

NATURE OF THE ACTION

1. This is an action to forfeit and condemn to the use and benefit of the United States of America, pursuant to 18 U.S.C. § 981(a)(1)(A), the following property: THE PURDUE FREDERICK COMPANY, INC. ("defendant property"), for violations of 18 U.S.C. § 1957.

THE DEFENDANT *IN REM*

2. The defendant property consists of the corporation known as THE PURDUE FREDERICK COMPANY, INC., and its assets. The defendant property has not been seized and is not located within this district, but jurisdiction is proper pursuant to 28 U.S.C. §§ 1355 and 1395.

JURISDICTION AND VENUE

3. Plaintiff brings this action in rem in its own right to forfeit and condemn the defendant property. This Court has jurisdiction over an action commenced by the United States

under 28 U.S.C. § 1345, and over an action for forfeiture under 28 U.S.C. § 1355(a).

4. This Court has in rem jurisdiction over the defendant property under 28 U.S.C. § 1355(b). Upon the filing of this complaint, the plaintiff requests that the Court issue an arrest warrant *in rem* pursuant to Supplemental Rule G(3)(b), which the plaintiff will execute upon the property pursuant to 28 U.S.C. § 1355(d) and Supplemental Rule G(3)(c).

5. Venue is proper in this district pursuant to 28 U.S.C. § 1355(b)(1), because a criminal prosecution of the owner of the property could be brought in this district.

BASIS FOR FORFEITURE

6. The defendant property is subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A), because it constitutes property involved in transactions and attempted transactions in violation of 18 U.S.C. § 1957, or is property traceable to such property.

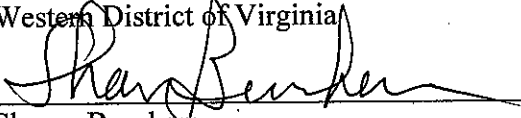
FACTS

7. The attached Agreed Statement of Facts and Declaration of Special Agent Philip Barnett are incorporated by reference.

WHEREFORE, the United States of America respectfully requests that the Clerk of Court issue an arrest warrant *in rem* pursuant to Supplemental Rule G(3)(b); that due notice be given to all parties to appear and show cause why the forfeiture should not be decreed; that judgment be entered declaring the defendant property to be condemned and forfeited to the United States of America for disposition according to law; and that the United States of America be granted such other and further relief as this Court may deem just and proper, together with the costs and disbursements of this action.

Respectfully submitted,

JOHN L. BROWNLEE
United States Attorney
Western District of Virginia


Sharon Burnham
Assistant United States Attorney

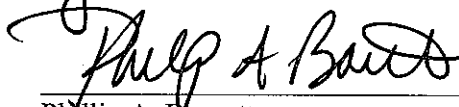
DATE: May 9, 2007

DECLARATION

I am a Special Agent of the Internal Revenue Service, United States Department of Treasury, and one of the agents assigned the responsibility for this case. I have read the contents of the foregoing complaint for forfeiture, and the exhibits thereto, and the statements contained therein are true to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 9th day of May, 2007.

A handwritten signature in black ink, appearing to read "Phillip A. Barnett", written over a horizontal line.

Phillip A. Barnett
Special Agent, IRS-CID

DECLARATION OF PHILLIP A. BARNETT
IN SUPPORT OF A COMPLAINT FOR FORFEITURE

I, Phillip A. Barnett, upon my oath make the following statements under penalty of perjury:

I am a Special Agent of the Internal Revenue Service, United States Department of Treasury, and one of the agents assigned the responsibility for this case. Unless otherwise stated, the information in this affidavit is either personally known to me, or was provided to me by other law enforcement officers.

This affidavit is made in support of the filing of a complaint for forfeiture against The Purdue Frederick Company, Inc., and incorporates by reference the attached Agreed Statement of Facts. Your affiant has been involved in the investigation of The Purdue Frederick Company, Inc., since January 2003. The Purdue Frederick Company, Purdue Pharma L.P., and The Purdue Pharma Company ("Purdue") were part of a group of entities involved in the manufacture, marketing, promotion, sale, and distribution of pharmaceutical products, including OxyContin.

The Purdue Frederick Company, Inc., d/b/a The Purdue Frederick Company, was a New York corporation, headquartered in Connecticut. Purdue Pharma L.P. was a Delaware limited partnership, with the same headquarters and facilities as The Purdue Frederick Company. The Purdue Pharma Company was a Delaware general partnership owned by and co-located with The Purdue Frederick Company and Purdue Pharma L.P. The Purdue Pharma Company was also used to conduct pharmaceutical business until September 30, 2004, when the partnership was terminated. After The Purdue Pharma Company was terminated, The Purdue Frederick Company, Inc. became an owner of Purdue Pharma L.P.

On December 12, 1995, the United States Food and Drug Administration (FDA) approved OxyContin for marketing and distribution in the United States for moderate to severe pain lasting more than a few days. From approximately January 1996 until September 30, 2004, OxyContin sales were recorded by The Purdue Pharma Company. After The Purdue Pharma Company was terminated, OxyContin sales were recorded by Purdue Pharma L.P.

From approximately January 1996 to approximately June 2006, proceeds from the sale of OxyContin were deposited and flowed into various Purdue checking accounts, including an account at JP Morgan Chase. The JP Morgan Chase account served to aggregate the receipts of all products sold by the related Purdue companies, including OxyContin.

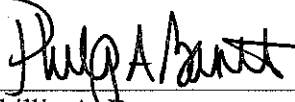
From 1995 to June 2006, Purdue had OxyContin gross sales of approximately \$10.2 billion, with sales net of rebates and discounts totaling approximately \$8.4 billion. Federal and state health care programs were among the purchasers of OxyContin and paid for OxyContin prescriptions filled at pharmacies, including pharmacies in the Western District of Virginia. The pharmacies received the monies via mail and/or wire. The pharmacies paid the wholesalers for their supplies of OxyContin via mail and/or wire. The wholesalers paid Purdue via mail and/or wire payments.

From 1995 to September 30, 2004, The Purdue Pharma Company made distributions of approximately \$2,854,760,301 (two billion, eight hundred fifty four million, seven hundred sixty thousand, three hundred and one dollars) in profits, including OxyContin proceeds, via wire transfers between Purdue-owned accounts at JP Morgan Chase to The Purdue Frederick Company and Purdue Pharma L.P. All transfers of funds relied upon by the government exceeded \$10,000. Although OxyContin sales receipts were co-mingled with other funds, OxyContin receipts comprised up to 90% of the total receipts.

Based upon the preceding facts, information and evidence gathered as a result of the investigation, your affiant contends there is sufficient probable cause to believe that violations under 18 U.S.C. § 1957 have been committed by The Purdue Frederick Company, Inc., supporting the complaint for forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 9th day of May, 2007.


Phillip A. Barnett
Special Agent, IRS-CID